

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Delta Township District Library</b>	County <b>Eaton</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>3/11/05</b>	Date Accountant Report Submitted to State	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

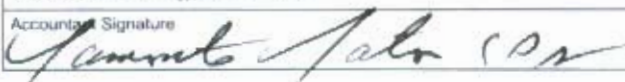
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Maner, Costerisan, &amp; Ellis, P.C.</b>			
Street Address <b>544 Cherboung, Suite 200</b>		City <b>Lansing</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48917</b>	Date <b>6-6-05</b>

**DELTA TOWNSHIP DISTRICT LIBRARY**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**  
**YEAR ENDED DECEMBER 31, 2004**

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Delta Township District Library  
State of Michigan

March 11, 2005

We have audited the accompanying financial statements of the governmental activities and the major fund of the Delta Township District Library, Component unit of the Charter Township of Delta, State of Michigan as of and for the year ended December 31, 2004, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Delta Township District Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Delta Township District Library, State of Michigan as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
Delta Township District Library  
State of Michigan

March 11, 2005

The management's discussion and analysis and budgetary comparison information on pages v through xiii and page 11, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delta Township District Library's basic financial statements. The financial statements and other additional information presented on pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The financial statements and other additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Maner, Costantini & Ellis, P.C.*

## **BASIC FINANCIAL STATEMENTS**

**DELTA TOWNSHIP DISTRICT LIBRARY**  
**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

	Balance sheet general fund modified accrual basis	Adjustments	Statement of net assets
<b>CURRENT ASSETS:</b>			
Cash	\$ 10,449	\$	\$ 10,449
Investments	156,292		156,292
Receivables - interest	717		717
Due from other governmental units	6,249		6,249
<b>TOTAL CURRENT ASSETS</b>	173,707		173,707
<b>CAPITAL ASSETS</b> , net of accumulated depreciation		208,902 <sup>(1)</sup>	208,902
<b>TOTAL ASSETS</b>	<u>\$ 173,707</u>	<u>208,902</u>	<u>382,609</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 16,701	\$	\$ 16,701
Accrued salaries and related items	613		613
Current portion of compensated absences		10,263 <sup>(2)</sup>	10,263
<b>TOTAL CURRENT LIABILITIES</b>	17,314	10,263	27,577
<b>NONCURRENT LIABILITIES:</b>			
Compensated absences, less current portion		5,776 <sup>(2)</sup>	5,776
<b>TOTAL LIABILITIES</b>	<u>17,314</u>	<u>16,039</u>	<u>33,353</u>
<b>FUND BALANCE/NET ASSETS:</b>			
Invested in capital assets net of related debt		208,902	208,902
Unrestricted	156,393	(16,039)	140,354
<b>TOTAL FUND BALANCE/NET ASSETS</b>	<u>156,393</u>	<u>\$ 192,863</u>	<u>\$ 349,256</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 173,707</u>		

<sup>(1)</sup> Capital assets used in governmental activities are not financial resources and are not reported under the modified accrual basis of accounting.

<sup>(2)</sup> Compensated absences are not due and payable in the current period and are not reported under the modified accrual basis of accounting.

**DELTA TOWNSHIP DISTRICT LIBRARY**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE/STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2004**

	Statement of revenue, expenditures and changes in fund balance general fund modified accrual basis		Adjustments	Statement of activities
<b>REVENUES:</b>				
State aid	\$	26,228	\$	\$ 26,228
Penal fines		114,105		114,105
Charges for services		27,507		27,507
Other		29,631		29,631
Contributions from the Charter Township of Delta		323,930		323,930
Total revenues		521,401		521,401
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation:				
Salaries and employee benefits		319,642	5,779 <sup>(1)</sup>	325,421
Books and supplies		115,572	(84,209) <sup>(2)</sup>	31,363
Contractual services		38,705		38,705
Telephone and utilities		17,317		17,317
Printing		743		743
Repairs and maintenance		6,849		6,849
Education and training		7,803		7,803
Membership dues		14,143		14,143
Depreciation			94,069 <sup>(2)</sup>	94,069
Capital outlay		9,781	(7,512) <sup>(2)</sup>	2,269
Miscellaneous		6,715		6,715
Total expenditures		537,270	8,127	545,397
Net change in fund balance		(15,869)	(8,127)	(23,996)
<b>FUND BALANCE, beginning of year</b>		172,262	200,990	373,252
<b>FUND BALANCE, end of year</b>	\$	156,393	\$ 192,863	\$ 349,256

<sup>(1)</sup> Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental fund. The adjustment represents the change of the year end liability compared to the prior year.

<sup>(2)</sup> Governmental funds report capital assets as expenditures in the statement of revenues, expenditures and changes in fund balances. In the statement of activities these expenditures are capitalized and depreciated over their estimated useful lives.



## **DELTA TOWNSHIP DISTRICT LIBRARY NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Charter Township of Delta and the Waverly Community Schools entered into a District Library agreement March 9, 1998 under the provisions of Act 24, Michigan Public Arts of 1989, as amended. The Township Board determined the library shall be known as the Delta Township District Library. The District Library serves the residents of the Charter Township of Delta and the residents served by the Waverly Community Schools. A six-member board serves the District Library, four appointed by the Charter Township of Delta and two by the Waverly Community Schools.

The accompanying financial statements present the activity for which the government considers itself financially accountable. The Library is also reported as a blended component unit special revenue fund of the Charter Township of Delta. The Library has no component unit.

#### **A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the primary government unit.

The Library utilized the financial statement format recommended by the State of Michigan for special purpose entities engaged only in governmental activities.

The Library maintains only one fund, the general fund, which is accounted for as a governmental fund.

#### **B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements (the statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (the balance sheet and statement of revenue, expenditures and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**DELTA TOWNSHIP DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)**

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government. There are no resources required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Investments**

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorized the Library to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**DELTA TOWNSHIP DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Net Assets or Equity (Concluded)**

The Library's retirement system investments are held in trust by the investment fiduciary, ICMA Retirement Corporation. Michigan Compiled Laws, Section 38.1132, authorizes Delta Township's District Library retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property.

**D. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**E. Capital Assets**

Capital assets, which include furniture, equipment, and library books, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The total of books purchased during the year are capitalized and are depreciated over five years. The Library has elected not to capitalize rare books. Fully depreciated books are removed from the asset schedule. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the primary government, are depreciated using the straight-line method over the following estimated useful live:

Assets	Years
Library books	5
Furniture and equipment	5

**F. Compensated Absences**

It is the Library's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Library. All vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**DELTA TOWNSHIP DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**G. Fund Equity**

In the fund financial statements, the governmental fund may report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**NOTE 2 - LEGAL COMPLIANCE - BUDGETS**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year-end.

The Library, which is included in the Township process, follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to September 1 of each year, a proposed budget is submitted to the Township Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to November 1 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Township Board during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

**DELTA TOWNSHIP DISTRICT LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CASH AND INVESTMENTS**

The Library is part of the Township's pooled account for substantially all of its cash and investments. The Library's portion of this pool is maintained through the use of separate accounts within the pooled account. These cash and investments are shown in their respective funds for financial reporting purposes.

Deposits

At year-end, the carrying amount of the deposits was \$10,449. The \$10,449 bank balance was covered by federal depository insurance.

Investments

The Library's investments are categorized as either (1) insured or registered or for which the securities are held by the Township or its agent in the Township's name, (2) uninsured and unregistered investments for which the securities are held by the bank's or broker's trust department in the Township's name, (3) uninsured and unregistered for which the securities are held by the bank or broker, or by its trust department or agent but not in the Township's name.

	Category			Carrying value
	1	2	3	
Commercial paper	\$ 67,072	\$	\$	\$ 67,072
GNMA	10,651			10,651
U.S. Treasury Notes	19,185			19,185
Other	6,226			6,226
Total	<u>\$ 103,134</u>	<u>\$</u>	<u>\$</u>	<u>103,134</u>
Investment in mutual funds				<u>53,158</u>
Total investments				<u><u>\$ 156,292</u></u>

**FINANCIAL STATEMENT PRESENTATION**

	Primary government
Cash	\$ 10,449
Investments	<u>156,292</u>
	<u><u>\$ 166,741</u></u>

The Library invests in United States Treasury Strips in part to maximize yields and in part to hedge against interest rates. These securities are sensitive to interest rate changes.

**DELTA TOWNSHIP DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CAPITAL ASSETS**

The capital assets for the year ended December 31 was as follows:

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
Primary government:				
Governmental activities:				
Capital assets being depreciated:				
Library books	\$ 481,136	\$ 84,209	\$ -	\$ 565,345
Furniture and office equipment	45,555	7,512		53,067
Total capital assets, being depreciated	<u>526,691</u>	<u>91,721</u>	<u>-</u>	<u>618,412</u>
Less accumulated depreciation for:				
Library books	282,356	88,572		370,928
Furniture and and office equipment	33,085	5,497		38,582
Total accumulated depreciation	<u>315,441</u>	<u>94,069</u>	<u>-</u>	<u>409,510</u>
Total capital assets, being depreciated, net	<u><u>\$ 211,250</u></u>	<u><u>\$ (2,348)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 208,902</u></u>

Depreciation expense of \$94,069 was all charged to the culture and recreation function.

Governmental activities:	
Culture and recreation	<u><u>\$ 94,069</u></u>

**NOTE 5 – LONG-TERM DEBT**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2004 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
Compensated absences	<u><u>\$ 10,260</u></u>	<u><u>\$ 5,779</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,039</u></u>	<u><u>\$ 10,263</u></u>

**DELTA TOWNSHIP DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION PLANS**

Money Purchase Retirement Plan

The District Library employees, who are employees of the Township, participate in the Charter Township of Delta Money Purchase Retirement Plan. This defined contribution plan covers all full time employees and elected officials who have attained the age of eighteen years. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus results of investments transactions. The plan assets are invested by ICMA Retirement Corporation who is the trustee of the plan. The Township acts as a public plan sponsor for the retirement plan. Partial vesting occurs after three years of service at 20% and increases 20% per year until full vesting occurs at seven years of service. The Library contributes 12.5% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Library made the required contributions of \$16,404. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

Deferred compensation plan

The Library employees are employees of the Charter Township of Delta and they participate in the Township's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to substantially all Library employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets are held in trust for the exclusive benefit of participating employees and are not assessable by the government or its creditors.

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits and deferred compensation plan described in Note 6, the Library through the Township, provides post employment health care benefits to all employees who retire from the Township with a minimum ten years of service based on the schedule of shared participation rates. The Library's share of costs ranges from 25% for those employees with ten years of service to 100% for those with 25 years of service. There were no expenses incurred by the Library for the year ending December 31, 2004.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance through the Township to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2004 or any of the prior three years.

**DELTA TOWNSHIP DISTRICT LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF  
FUND BALANCE**

Designations in the general fund exist for the following:

Compensated absences	\$ 16,039
Future budget	<u>15,000</u>
	<u><u>\$ 31,039</u></u>

**NOTE 10 - USE OF ESTIMATES**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**DELTA TOWNSHIP DISTRICT LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2004**

	<u>Original/ final budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
<b>REVENUES:</b>			
Local sources:			
Charges for services	\$ 156,600	\$ 141,612	\$ (14,988)
Other	6,500	29,631	23,131
Contributions from the Charter Township of Delta	323,930	323,930	
	<u>487,030</u>	<u>495,173</u>	<u>8,143</u>
Total local sources			
State sources	<u>24,600</u>	<u>26,228</u>	<u>1,628</u>
	<u>511,630</u>	<u>521,401</u>	<u>9,771</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current:			
Culture and recreation	<u>526,630</u>	<u>537,270</u>	<u>(10,640)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (15,000)</u></u>	<u>(15,869)</u>	<u><u>\$ (869)</u></u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>172,262</u>	
End of year		<u><u>\$ 156,393</u></u>	

## **ADDITIONAL INFORMATION**

**DELTA TOWNSHIP DISTRICT LIBRARY  
GENERAL FUND  
BALANCE SHEETS  
DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 10,449	\$ 47,718
Investments	156,292	135,672
Receivables:		
Interest	717	648
Due from other governmental units	6,249	
Prepaid insurance		488
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 173,707</u></u>	<u><u>\$ 184,526</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 16,701	\$ 5,525
Accrued payroll, taxes and withholding	613	477
Due to other governmental units		6,262
	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<u>17,314</u>	<u>12,264</u>
<b>FUND BALANCE:</b>		
Reserved for prepaid expenses		488
Designated:		
Compensated absences	16,039	10,260
Subsequent year expenditures	15,000	15,000
Unrestricted	125,354	146,514
	<u>                    </u>	<u>                    </u>
<b>TOTAL FUND BALANCE</b>	<u>156,393</u>	<u>172,262</u>
	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 173,707</u></u>	<u><u>\$ 184,526</u></u>

**DELTA TOWNSHIP DISTRICT LIBRARY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>REVENUES:</b>		
State aid	\$ 26,228	\$ 25,312
Penal fines	114,105	120,452
Charges for services	27,507	31,762
Other	29,631	26,939
Contributions from the Charter Township of Delta	<u>323,930</u>	<u>295,500</u>
Total revenues	<u>521,401</u>	<u>499,965</u>
<b>EXPENDITURES:</b>		
Current:		
Culture and recreation:		
Salaries and employee benefits	319,642	287,346
Books and supplies	115,572	109,694
Contractual services	38,705	35,523
Telephone and utilities	17,317	16,076
Printing	743	1,773
Repairs and maintenance	6,849	8,280
Education and training	7,803	5,347
Membership dues	14,143	14,304
Capital outlay	9,781	6,402
Miscellaneous	<u>6,715</u>	<u>7,710</u>
Total expenditures	<u>537,270</u>	<u>492,455</u>
Net change in fund balance	(15,869)	7,510
<b>FUND BALANCE, beginning of year</b>	<u>172,262</u>	<u>164,752</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 156,393</u></u>	<u><u>\$ 172,262</u></u>



Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
David M. Raack  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Dedyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Theis

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

March 11, 2005

To the Library Board  
Delta Township District Library  
Lansing, Michigan

In planning and performing our audit of the financial statements of Delta Township District Library for the year ended December 31, 2004, we considered the Library's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated March 11, 2005, on the financial statements of Delta Township District Library.

Government Accounting Standards Board (GASB) Statement #40

"Deposit and Investment Risk Disclosures"

Effective for 2005, governmental entities will be required to expand their current disclosure requirements addressing common risks of the deposits and investments. The disclosure requirements apply to debt and an equity investment held directly by the entity or indirectly by investment advisors and requires that a governmental entity disclose investment policies that are related to custodial credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk. If the entity has adopted no policy with respect to a particular risk, that fact should be part of the disclosure.

The Library's should review its investment policies to determine all common risks areas are identified and the appropriate level of risk of each area is quantified.

GASBs 43 and 45 - Other Postemployment Benefit (OPEB) Plans

GASB 43, which establishes uniform financial reporting standards for other postemployment plans included in the financial statements of employers is effective for the Library's year ended December 31, 2007.

GASB 45 establishes standards for measurement, recognition and display of OPEB expense and related liabilities and disclosures. This GASB is effective for the Library's year ended December 31, 2008.

Budget Compliance

We observed that actual contractual services expenditures exceeded the budgeted amount by \$10,640. Although the amount is relatively small and we believe the Library's budgeting policies and procedures are operating in proper manner, the Library should monitor the budget variances and amend the budget when necessary to comply with Public Act 621. Please keep in mind that budget adjustments should be made before expenditures are actually made.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Library personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

To the Board of Trustees  
Delta Township District Library  
Lansing, Michigan

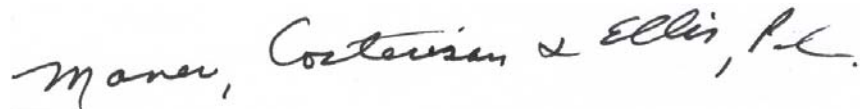
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March 11, 2005

This report is intended solely for the information and use of Delta Township District Library, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

A handwritten signature in black ink that reads "Maner, Costantino & Ellis, P.C." The signature is written in a cursive, flowing style.





Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
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March 11, 2005

To the Library Board  
Delta Township District Library  
Lansing, Michigan

We have audited the financial statements of Delta Township District Library for the year ended December 31, 2004, and have issued our report thereon dated March 11, 2005. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated March 11, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Delta Township District Library. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Delta Township District Library's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Delta Township District Library are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2004. We noted no transactions entered into by Delta Township District Library during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements is the estimated liability for compensated absences.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Delta Township District Library's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Delta Township District Library, either individually or in the aggregate, indicate matters that could have a significant effect on the Delta Township District Library's financial reporting process. GASB 34 entries are included in the financial statements.

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Delta Township District Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Finance Committee  
Charter Township of Delta  
Lansing, Michigan

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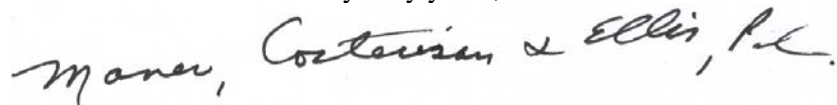
March 11, 2005

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Finance Committee, and management of Delta Township District Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Maner, Costantini & Ellis, P.C." The signature is written in dark ink on a light background.